

Information Requests

Information Request DTE-2-7

Information Request DTE-2-8

Information Request DTE-2-9

DTE-2-7

Refer to the Compact's response to Information Request DTE-1-2 and the Compact's Filing at § 21. Has the Compact developed an algorithm (e.g., a computer model) that it will use to evaluate each supplier's bids? If so, please describe fully the algorithm and submit all supporting documentation. If not, please provide a full description of how the Compact will evaluate the bids.

Supplemental Response

The Compact is not using an algorithm model, *per se*, to evaluate each supplier's bid. The Compact anticipates receiving fixed pricing for all customer classes, which will be readily transparent. The Compact will be evaluating offers against market prices using a customized spreadsheet to be developed by Resource Insight, Inc., at the time bids are evaluated. The spreadsheet will incorporate the criteria set forth in the Compact's response to DTE-2-9, and non-price factors, such as price stability and term.

Further, the Compact intends, per G.L. c. 30(b) § 1(b)(33), to file a letter with the Inspector General, the DTE and the DOER, explaining its process for selecting a winning Supplier, along with a copy of the complete contract, including Price Exhibit A.

Witness Responsible: Joe Soares, Senior Power Supply Planner, Cape Light Compact
Jonathan Wallach, Vice President, Resource Insight, Inc.

DTE-2-8

Please provide documentation demonstrating the expertise of Resource Insight, the technical consultant that will assist the Compact in the evaluation of the suppliers' bids (see Compact response to Information Request DTE-1-2).

Response

Resource Insight provides technical assistance and strategic support on economic, legal, and policy matters concerning energy utilities. Resource Insight offers technical and policy analysis, assistance in settlement negotiations, and expert testimony. Areas of expertise include: electric-utility and power-pool restructuring policy and transition strategies; market valuation and securitization of utility assets; market-price forecasting; power-supply planning, valuation, and procurement; load aggregation; cost allocation and rate design. Since its founding in 1990, Resource Insight has provided consulting services to more than 100 governmental, public interest, utility, and private clients in the United States and Canada.

Resource Insight assisted the Compact in its solicitation for power supply to serve municipal load last Fall. As part of this effort, the firm developed a request for proposals and evaluated price offers against forecasts of market prices for all-requirements power supply. In addition to this work for the Compact, Resource Insight's experience in the area of power-supply solicitation, evaluation, and procurement includes:

- ?? Monitoring on behalf of the Maryland Office of People's Counsel the conduct of a statewide process for procuring standard-offer service power supply, development of the protocols and procedures for evaluating price offers, and assistance in settlement negotiations and litigation establishing the procurement process.
- ?? Assistance to the New Jersey Ratepayer Advocate in overseeing and reviewing multiple rounds of capacity and energy procurement bidding by Atlantic City Electric for its Basic Generation Service.
- ?? Assistance and testimony for the New Jersey Ratepayer Advocate regarding supply acquisition for all four NJ electric utilities' Basic Generation Service, including review of the auction process and prudence of supply acquisition.
- ?? Assistance to the Connecticut Office of Consumer's Counsel regarding the bidding process and results for the sale of energy from the Connecticut utilities' entitlements in the Millstone and Seabrook units into the

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competitive market, and purchase of power from the market for their standard offer services.

?? Assistance to the Maryland Office of the People's Counsel in settlement negotiations and litigation regarding the sale of the output of a PURPA facility through a competitive-bidding process, and in evaluating price offers for the purchase of the output of the facility.

?? Solicitation and procurement of wholesale power supply for an aggregator of low-income customers in Pennsylvania.

In addition, the resumes for all Resource Insight senior staff can be downloaded from the Internet at www.resourceinsight.com.

Witness Responsible: Jonathan Wallach, Vice President, Resource Insight, Inc.

DTE-2-9

Refer to the Compact's response to Information Request DTE-1-4. Please identify the sources the Compact will use to ascertain projections of future market prices and provide all supporting documentation.

Response

Forecasts of future market prices for all-requirements supply will reflect estimates for the following cost elements:

Cost Item	Basis
ISO-NE Mass Hub On-Peak Energy Price	Forward price quotes
ISO-NE Mass Hub Off-Peak Energy Price	Forward price quotes or historic ratio of on-peak to off-peak spot energy prices
SEMASS Zonal Congestion Adder	Historic ratio of zonal to Mass Hub spot prices during on-peak and off-peak hours
Load-Shape Adder	Historic ratio of load-weighted to hourly weighted average spot prices
Capacity Price	Forward price quotes or estimate derived from application of LICAP demand curve
Loss Adder	NSTAR estimate
Ancillary Service Adder	Historic ratio of ancillary-service to energy prices
Network Transmission Service	OATT rate

Witness Responsible: Jonathan Wallach, Vice President, Resource Insight, Inc.